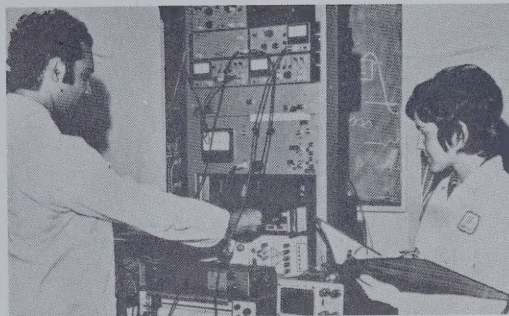


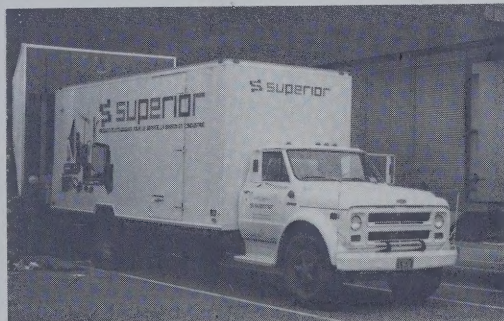
superior Annual Report 1972



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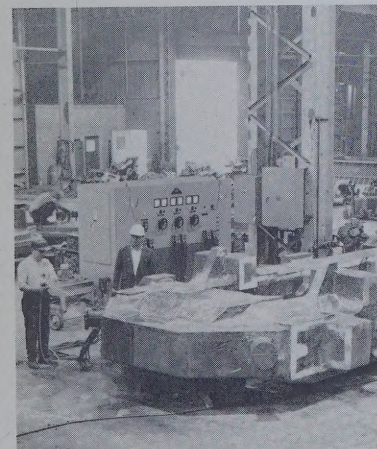
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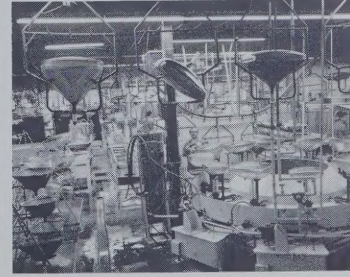
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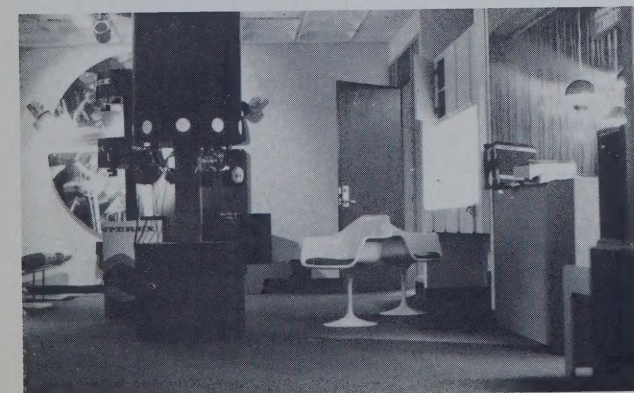
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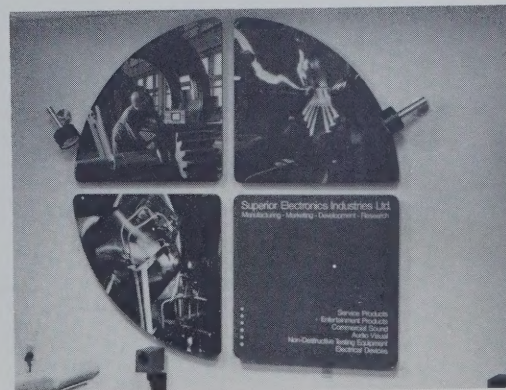
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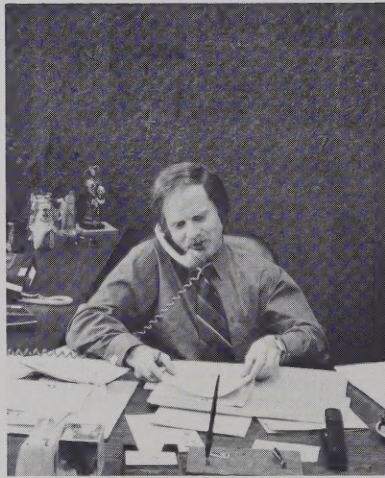
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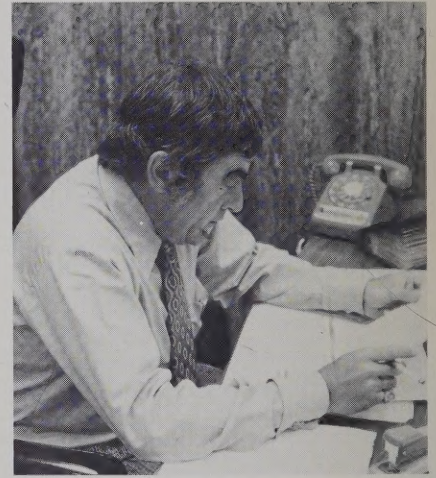
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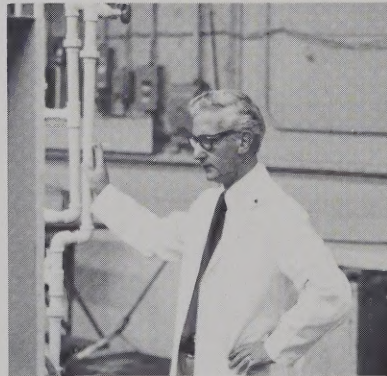
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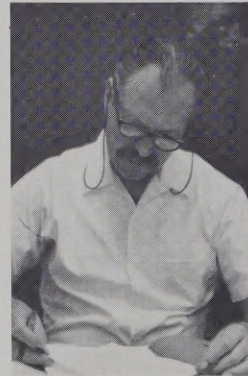
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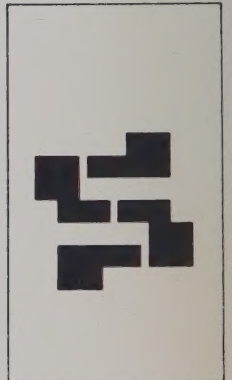
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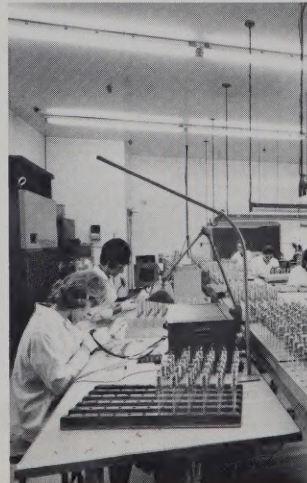
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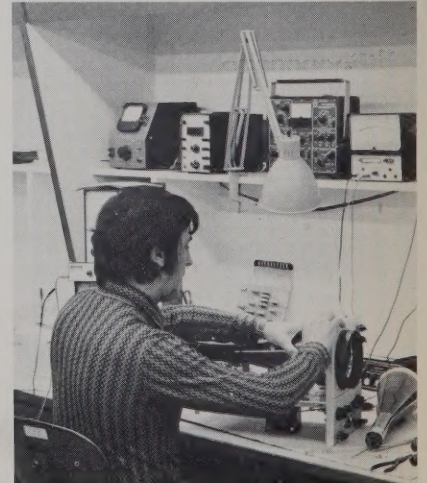
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Comparative Statement of Operationssuperior electronics industries Ltd.
and subsidiaries**CONSOLIDATED STATEMENT
OF EARNINGS**

(Subject to Audit and Year-end Adjustment)

	1972	1971
Sales	\$3,831,157	\$3,583,110
Income Before Incomes Taxes	107,446	70,929
Income Taxes	52,777	25,687
Net Earnings	54,669	45,242
Earnings Per Share	4.3¢	4.0¢
Number of Shares Outstandings	1,267,134	1,134,240

**CONSOLIDATED STATEMENT OF
SOURCE AND USE OF FUNDS**

(Subject to Audit and Year-end Adjustment)

	1972	1971
SOURCE OF FUNDS		
Income from operations	\$ 54,669	\$ 45,242
Items not requiring an outlay of funds		
Depreciation and amortization	28,185	53,794
Decrease (Increase) in deferred charges	6,172	(35,240)
Funds generated by operations	89,026	63,796
Proceeds on sale of common stock	—	399,558
Net increase in long-term debt	—	318,564
Proceeds on sale of investments	—	12,500
	89,026	794,418
USE OF FUNDS		
Additions to fixed assets	9,104	106,628
Additions to deferred research expenditures (Net of Government Grants)	—	166,326
Decrease in long-term debt	53,110	—
	62,214	272,954
Increase in Working Capital	26,812	521,464
Working Capital March 31st	1,551,478	1,391,213
Working Capital Sept. 30th	\$1,578,290	\$1,912,677

Report to the
Shareholders
for the

SIX MONTHS

ended

September 30, 1972

superior electronics industries Ltd.

montreal, quebec

superior electronics industries Ltd.

COMMENTS FROM THE PRESIDENT

REPORT TO SHAREHOLDERS

OPERATIVE RESULTS

I am pleased to report on the results of your Company for the six months ended September 30, 1972.

Sales reached a record high of \$3,831,157; an increase from the \$3,583,110 for the comparable period last year. 1971 sales, moreover, included in excess of \$500,000 of picture tube sales to the U.S. market. Pre-tax profits increased to \$107,446 and after-tax profits to \$54,669 from \$70,929 and \$45,242 respectively for the preceding year.

These results are all the more significant because of the substantial improvement in performance for the second quarter of 1972 as opposed to 1971. Sales were \$2,068,390 versus \$1,756,884; pre-tax profits \$95,209 versus \$19,772 and after-tax profits \$48,367 versus \$10,639. Earnings per share for the second quarter were 3.8¢ opposed to .8¢ for 1971.

These six month results not only exceed 1971 comparable figures, but appear to be on target with corporate operating budgets. As previously stated, it is still anticipated that the third and fourth quarter results will be gratifying and will more clearly reflect the results of the many plans that Management has effected in the past year. The results of the first six months and expectations for the balance of the year reconfirm Management's confidence that 1972 results will surpass the 15.5¢ earnings per share operating profit reported for the year ended March 31, 1971.

FINANCIAL

In order to provide the working capital necessary to expand operations, particularly in the Consumer Products division, our Company has decided to offer a secondary stock issue to the marketplace. It is intended that this financing will result in approximately \$500,000 to \$700,000 additional equity. On October 27, 1972, the first portion of this financing was completed whereby 121,000 shares were issued for a net consideration to the Company of \$230,800. We strongly believe that the additional financing will be completed shortly and will provide the basis for substantially improved earnings in future periods.

OPERATIONS

Consumer products sales are running ahead of budget with the only limitations being supply from the Orient. Despite this, it is anticipated that this division will produce record sales and profits this year.

Distributor parts sales continue to grow.

The Special Application Electronics division has begun to benefit from the acquisition of the Branson line. Sales of all products are proceeding well with delivery of an important system expected prior to the end of 1972.

Operations in the Picture Tube division are finally under control with manufacturing budgets being met and sales approximating forecast.

Much progress is being made in the Advanced Technology division with new higher temperature materials being developed. Several new products are being sampled and it is anticipated that commercial orders will be received within Superior's fiscal year.

CONCLUSION

All operations appear to be on track. Sales are proceeding exceedingly well and profits are as expected. Management feels confident that 1972 will be the beginning of years of increased growth and profitability.

Respectfully submitted,

Richard Golick
Richard Golick,
President

Loles

Montreal, November 7, 1972



HIGHLIGHTS

Three major events highlighted the activities of your company in 1972.

- A Joint Venture was established with Canada Wire and Cable Company Limited, a wholly owned subsidiary of Noranda Mines Limited. This new company, Multi-State Devices Ltd., will carry on the work of Superior's Research and Development division and will develop, produce and market the products of this research.
- Superior decided to cease picture tube operations in the United States and, consequently, to dispose of, or write-off, the inventory relating to the American market.
- An agreement was reached with the Department of Industry, Trade and Commerce for the forgiveness of the P.A.I.T. loan which was carried on the books of the company as a long-term debt in the amount of \$191,778 (as of March 31, 1971).

These three items had a most significant effect, not only on the statement of profit and loss, but on the balance sheet as well.

FINANCIAL STATEMENTS

Sales increased to a record level of \$8,138,628., an increase of 15.4% over the preceding year. All divisions posted significant sales gains with the exception of the picture tube division where sales were lower than last

year due to withdrawal from the U.S. market during the year. Net income, before inventory adjustment, extraordinary charges and income taxes showed a gain of \$62,118. Net income before inventory adjustment and extraordinary charges increased from 13.7¢ to 15.5¢ per share, or 13%. Inventory adjustments which were necessitated by the withdrawal from the U.S. market amounted to \$416,431. Further extraordinary items included the 'write-off of deferred color research; the costs and revenues related to discontinuance of U.S. operations; as well as the benefits derived from the waiver of amounts due to the Department of Industry Trade and Commerce (re P.A.I.T. loan). These amounted to a net cost of \$42,431 resulting in a net loss after inventory adjustment and extraordinary items of \$267,632. The net effect of all these items is a stronger balance sheet position for future periods, as well as a tax loss carry forward in excess of \$750,000 which will minimize taxes in the coming periods.

DIVISIONAL OPERATIONS

Multi-State Devices Ltd., Superior's **Advanced Technology Division**, was formed this year as a separate entity by a Joint Venture between Canada Wire and Superior. Superior will maintain the controlling position in this new company and will benefit through the substantial contribution of resources which Canada Wire makes to this exciting phase of our business. The Joint Venture permits Superior participation at no further cost to the Company.

This division has had a most successful year in terms of research, prototype development and market evaluation. In addition to the couplers and sensors which had previously been developed, Multi-State has produced a liquid level sensor system, a timed electronic ignition system for the automotive industry, has made further advances in the development of its optical memory, has built a prototype for a pipeline leak detection system and, finally, has recently found a complete new range of higher temperature materials which will enhance the performance of the devices currently being developed. Although sales in the division were minimal during the past year and mostly related to sample shipments, the intensifying of the division's marketing effort in conjunction with the contribution of marketing personnel by Canada Wire and Cable, should result in sales which will require the establishment of production facilities.

Superior's **Special Application Electronics division**, Electro Physical Instruments Ltd., reached record sales during the past year, with substantially recovered profits over 1971. The Company successfully introduced an ultrasonic cold forged short bar tester, which has received world-wide acclaim. In addition, a line of immersion testing manipulators was developed and marketed. Major efforts are now being devoted to the development of original pipeline testing equipment. This equipment will include a pipeline crawler and pipeline radiography camera. Of outstanding importance to this division was the recent acquisition of the Branson line of ultrasonic components which should permit a minimum sales increase in the division of 40% over the first complete 12 month period.

The company's **Distributor Parts division**, which includes service, commercial sound and electrical products, posted record sales and profits during the past year. The division introduced a variety of new product lines which sparked the growth in a division where market penetration is already extremely deep. It is anticipated that further growth will again be prompted by new product introduction as well as the normal increases expected from existing products. The division's success in its Toronto facility has led to the decision to open a Vancouver branch prior to year end. This facility will include a showroom, warehouse and service depot.

The Company's sole problem during the past year was the picture tube operation, which seriously suffered as a result of the need to withdraw from the U.S. marketplace. Operations in this division throughout the year showed a loss and have been reflected as part of the operating profit of the company before unusual and extraordinary items. It is expected that the withdrawal will provide the firm foundation required for future growth in this division. Replacement picture tube sales are now at a low point in Canada because of the scrapping of black and white sets and the newness of color. The next few years will see the rapid expansion of the replacement color tube market to a dollar level which far exceeds the maximum level ever achieved by black and white tubes. Superior expects to be an important participant in this market.

The **Consumer Product division** posted record sales and profits and showed the largest growth of any division in the Company. Many new products have been introduced during the past year and many others have already

been selected for the coming year. It is anticipated that once again new record sales and profits will be established in the 1972-73 period.

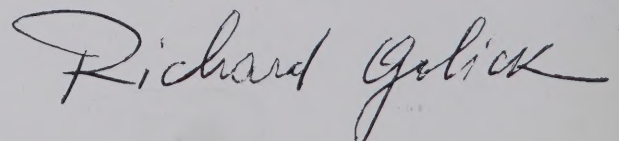
CONCLUSIONS

Although, perhaps at a slower pace than originally anticipated, Superior is developing into the well established, diversified electronics company that management had foreseen. Effective on or about October 1, 1972, all major marketing efforts will be centralized into the one corporate structure which has a major tax loss carry forward.

The future is certainly bright. Your Special Application Electronics division will have substantially higher sales, particularly as a result of the introduction of the already well-established Branson line. Consumer product sales are expected to continue to expand at a high rate with additional product lines being introduced and deeper penetration of the marketplace a prime target. Efforts in the distributor parts business are expected to concentrate on the commercial sound and industrial fields, areas where management feels that potential is greatest. The picture tube operation is expected to improve its performance, particularly over the next few years as the market for replacement color television picture tubes develops.

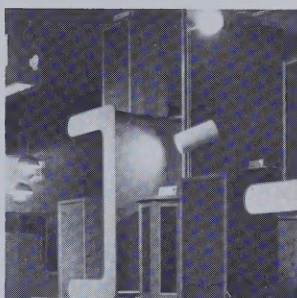
The area with the most exciting potential is, unquestionably, our Advanced Technology division, Multi-State Devices Ltd. Management feels confident that this division, particularly now, with the participation of Canada Wire and Cable, offers a most promising future.

Your Company has undergone several difficult years, but management has responded and taken those steps that are believed necessary to yield the profits that a company of Superior's uniqueness, diversity and potential should provide for its shareholders.





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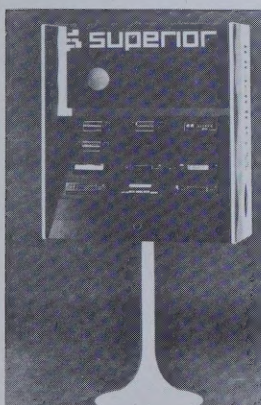
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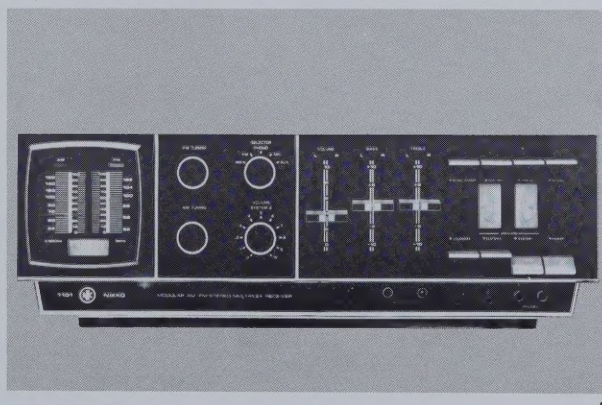
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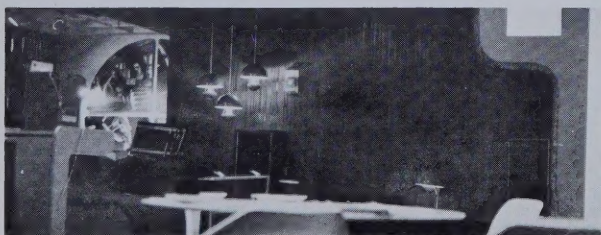
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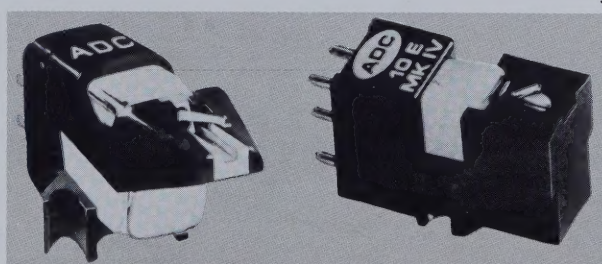
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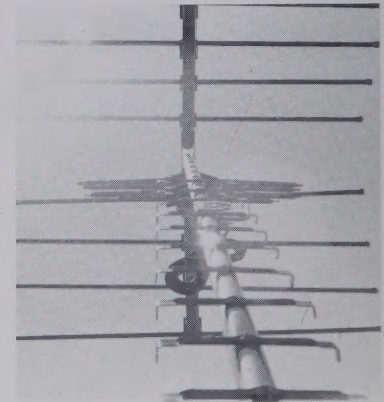
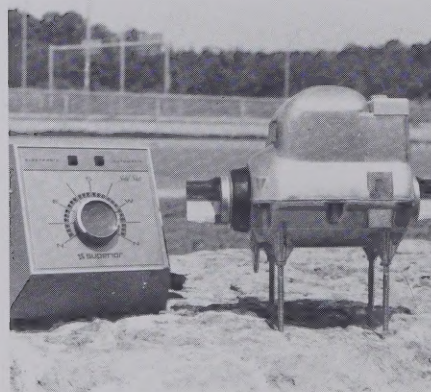
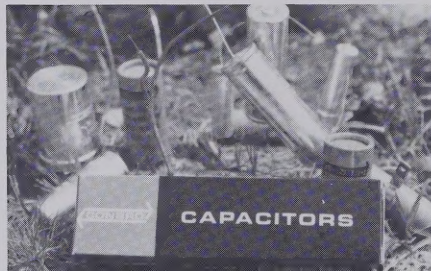
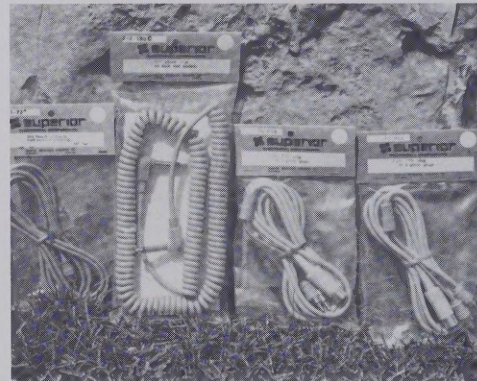
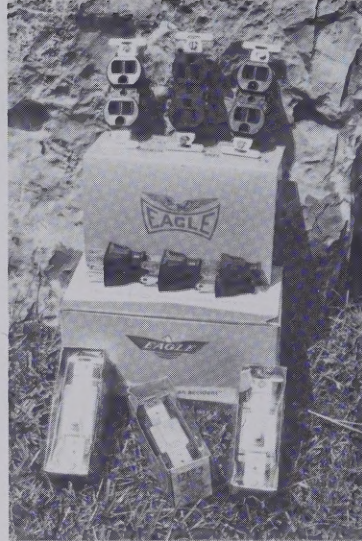


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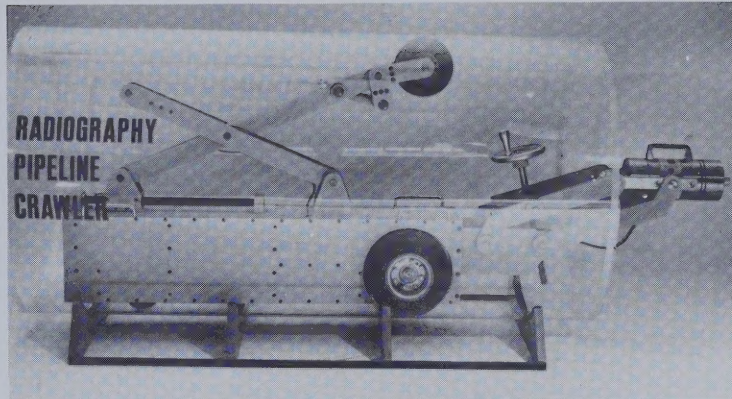
1. Superior on display at the Canadian Educational Show — Toronto.
2. Music at is best through A.D.C. speakers.
3. Automobile speaker kits by Superior.
4. TDK display of recording tapes.
5. Broadmoor Digitron 2000 Model 1085.
6. Superior Stereo headphones — personal listening extra-ordinaire.
7. Auto entertainment display.
8. Nikko products.
9. Nikko 1101 Modular AM/FM stereo multiplex receiver.
10. Showroom — Trans Canada.
11. ADC cartridges — ADC XLM and the ADC 10E Mark 1V.



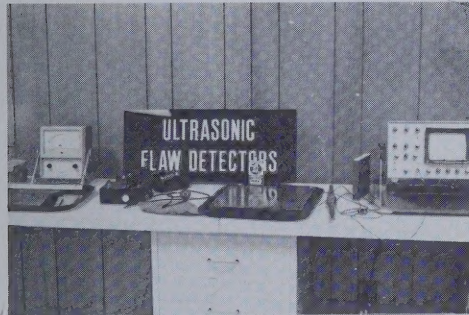
1. Superior Picture tube briteners.
2. Eagle products — a small example of an extensive line.
3. Blue Stuff spray chemical for repairs.
4. Superior receiving tubes.
5. Capacitors.
6. Superior Hardware.
7. Superior 70 Volt matching transformer.
8. Superior antenna rotor and control unit.
9. Superior picture tubes — representative of a Superior line of quality tubes.
10. A new angle on Superior antennas.



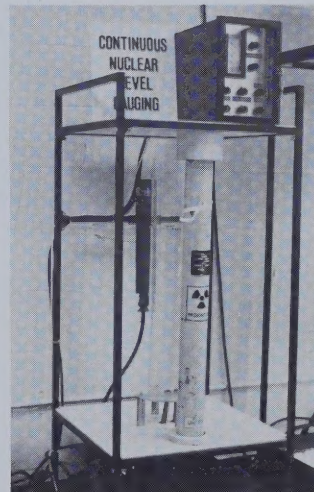
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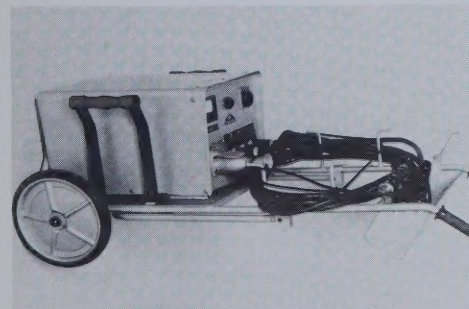
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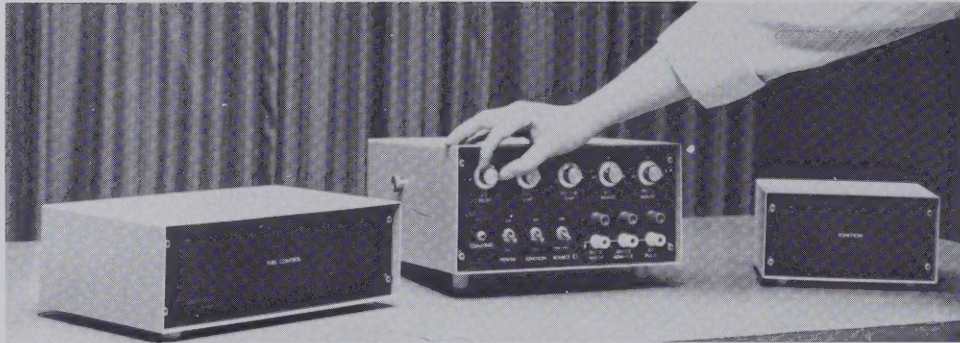


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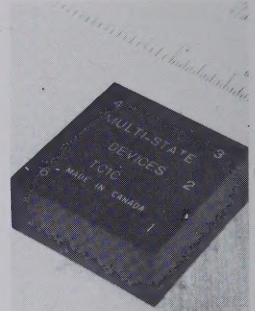


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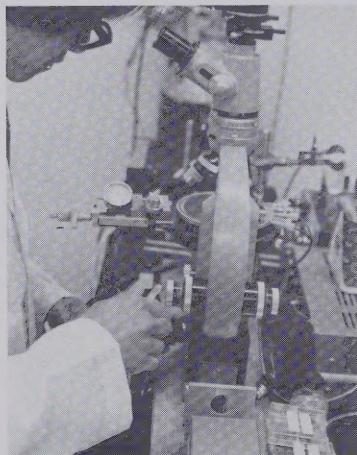
1. A new camera for pipeline Radiography.
2. Pipeline crawler used in non-destructive testing of functioning pipeline.
3. Ultrasonic flaw detectors used to test items ranging from large industrial machinery to livestock.
4. Continuous nuclear level gauging equipment.
5. Ultrasonic thickness measurement device for hot surfaces.
6. Electro mechanical level gauge.
7. GWH 3000 portable magnetic particle tester.
8. Electro Physical exhibit at the 1972 Petroleum show in Calgary, Alberta.



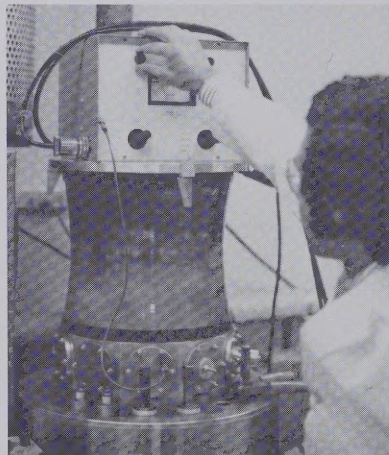
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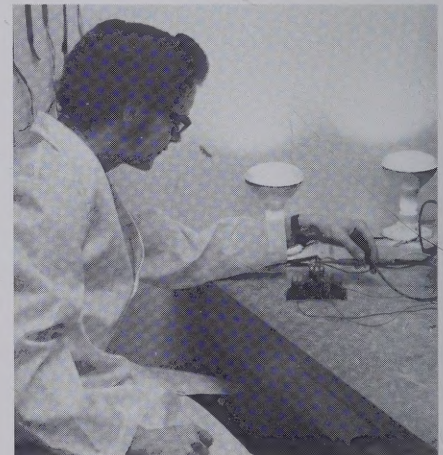
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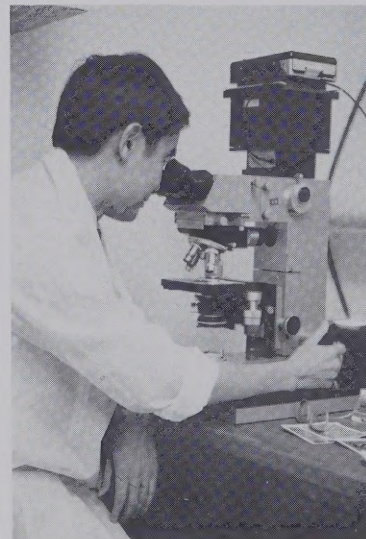
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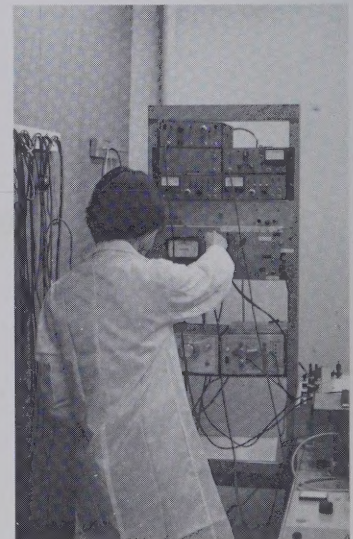
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1. Timed Electronic Ignition System being developed for pollution control of automobiles.
2. TC1C thermal coupler incorporates a unique solid state circuit which provides both ambient temperature and power supply voltage compensation. It is the heart of all polyconductor solid state relays.
3. Researcher working on the development of an optical memory for computers using polyconductive material.
4. Sputtering Unit for producing thin films.
5. Technician testing the efficiency of the TC1C relay.
6. Adjusting a thin film producing unit.
7. Checking out polyconductive thin films.
8. Checking optical properties of materials.

**superior electronics
industries ltd.
and subsidiaries**

(With comparative figures for 1971)

**consolidated statement
of earnings for the year
ended march 31, 1972**

	1972	1971
Net sales	\$8,138,628	\$7,050,018
Cost of goods sold and operating expenses exclusive of items shown below	7,661,750	6,612,743
	476,878	437,275
Depreciation and amortization	136,600	163,897
Interest on long-term debt	34,108	29,326
	170,708	193,223
Earnings before income taxes, inventory adjustment and extraordinary items	306,170	244,052
Provision for income taxes (Note 8)	114,940	97,821
Earnings before inventory adjustment and extraordinary items	191,230	146,231
Inventory adjustment (Note 11)	(416,431)	—
(Loss) earnings before extraordinary items	(225,201)	146,231
Extraordinary items (Note 12)	(42,431)	—
Net (loss) earnings	\$ (267,632)	\$ 146,231
Earnings per share before inventory adjustment and extraordinary items	15.5¢	13.7¢
Inventory adjustment per share	(33.8)	—
(Loss) earnings per share before extraordinary items	(18.3)¢	13.7¢
Extraordinary items per share	(3.4)	—
Net (loss) earnings per share	(21.7)¢	13.7¢
Weighted average number of shares outstanding (Note 13)	1,231,908	1,069,918

**consolidated statement of
retained earnings**

(With comparative figures for 1971)

	1972	1971
Balance — beginning of year	\$ 575,457	\$ 429,226
Net (loss) earnings for the year	(267,632)	146,231
	307,825	575,457
Less: Payment as additional consideration for company pooled in prior years	(10,806)	—
Balance — end of year	\$ 297,019	\$ 575,457

(See accompanying notes to consolidated financial statements).

auditors' report

**To the Shareholders of
Superior Electronics Industries Ltd.**

We have examined the consolidated balance sheet of Superior Electronics Industries Ltd. and its subsidiaries as at March 31, 1972 and the consolidated statements of retained earnings, earnings and changes in financial position for the year then ended. Our examination of the financial statements of Superior Electronics Industries Ltd. and subsidiaries included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the companies as at March 31, 1972 and the results of their operations and the changes in financial position for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Fuller Jenks Landau

Chartered Accountants,

Montreal, Quebec
July 28, 1972.

**superior electronics
industries ltd.
and subsidiaries**

**consolidated
balance sheet
as at march 31, 1972**

(With comparative figures as at March 31, 1971).

ASSETS

CURRENT:

	1972	1971
Accounts receivable	\$2,277,239	\$1,428,965
Accounts receivable — government agencies	107,553	59,044
Inventories (Note 2)	3,263,640	3,037,195
Prepaid expenses	86,088	92,952
	<u>5,734,520</u>	<u>4,618,156</u>
INVESTMENT IN SUBSIDIARY COMPANY (Note 3)	419,912	—
PROPERTY, PLANT AND EQUIPMENT (Note 4)	<u>721,908</u>	<u>585,933</u>

OTHER:

Investment in shares of another company	—	13,436
Advances to an affiliated company	—	16,189
Deferred research expenditures (Note 5)	—	542,273
Organization expenses and deferred charges	54,818	25,153
Patents and copyrights	—	22,055
	<u>54,818</u>	<u>619,106</u>
	<u>\$6,931,158</u>	<u>\$5,823,195</u>

LIABILITIES

CURRENT:

	1972	1971
Bank indebtedness (Note 6)	\$2,453,579	\$1,527,127
Accounts payable and sundry liabilities	1,427,535	1,491,098
Current portion of long-term debt	106,220	26,085
Income taxes payable	195,708	182,633
	<u>4,183,042</u>	<u>3,226,943</u>
LONG-TERM DEBT (Note 7)	509,680	378,218
DEFERRED INCOME TAXES (Note 8)	35,729	114,317
MINORITY INTEREST	—	22,130

SHAREHOLDERS' EQUITY

Capital stock (Note 9)	1,901,688	1,502,130
Retained earnings	297,019	575,457
Contributed surplus (Note 10)	4,000	4,000
	<u>2,202,707</u>	<u>2,081,587</u>
	<u>\$6,931,158</u>	<u>\$5,823,195</u>

(See accompanying notes to consolidated financial statements).

Approved on behalf of the Board:

RICHARD GOLICK, Director

STANLEY PLOTNICK, Director

**superior electronics
industries ltd.
and subsidiaries**

**statement of changes in
financial position for the year
ended march 31, 1972**

(With comparative figures for 1971)

	<u>1972</u>	<u>1971</u>
Sources of working capital:		
Net (loss) earnings for the year	\$ (267,632)	\$ 146,231
Items not requiring an outlay of funds:		
Depreciation and amortization	136,600	163,897
Research and development expenditures written off	142,301	—
Deferred income taxes	(78,588)	(6,539)
Working Capital (consumed) provided by operations	(67,319)	303,589
Proceeds of long-term debt	642,352	—
(Increase) decrease in current portion of long-term debt	(80,135)	67,538
Sale of research expenditures to a subsidiary company (Note 3)	419,912	—
Proceeds on sale of common stock	399,558	—
Disposition of sundry assets	18,672	7,564
Other	19,867	—
	<u>1,352,907</u>	<u>378,691</u>
Uses of working capital:		
Additions to fixed assets and deferred research expenditures	582,071	817,024
Less: Government grants	(316,446)	(430,980)
	265,625	386,044
Investment in shares of a subsidiary company (Note 3)	419,912	—
Cancellation of balance due to Department of Industry, Trade and Commerce (P.A.I.T.)	191,778	—
Deferred charges	43,414	—
Redemption of preferred shares	22,130	—
Retirement of long-term debt	238,977	71,474
Other	10,806	8,347
	<u>1,192,642</u>	<u>465,865</u>
Increase (decrease) in working capital	<u>\$ 160,265</u>	<u>\$ (87,174)</u>
The increase (decrease) in working capital is accounted for as follows:		
Increase (decrease) in current assets —		
Accounts receivable	\$ 848,274	-\$ 427,346
Accounts receivable — government agencies	48,509	806
Inventories	226,445	1,033,079
Loans receivable — shareholders	—	(13,512)
Prepaid expenses	(6,864)	(8,289)
	<u>1,116,364</u>	<u>1,439,430</u>
Increase (decrease) in current liabilities —		
Bank indebtedness	926,451	1,054,614
Accounts payable and sundry liabilities	(63,562)	574,687
Current portion of long-term debt	80,135	(67,538)
Income taxes payable	13,075	(35,159)
	<u>956,099</u>	<u>1,526,604</u>
Increase (decrease) in working capital	160,265	(87,174)
Working capital — beginning of year	1,391,213	1,478,387
Working capital — end of year	<u>\$1,551,478</u>	<u>\$1,391,213</u>

(See accompanying notes to consolidated financial statements).

1. Principles of consolidation:

The consolidated financial statements are prepared in accordance with generally accepted accounting principles and include the accounts of all subsidiary companies, with the exception of Multi-State Devices Ltd. whose nature of business is different from the operations of the parent company and other subsidiaries. (See Note 3). All significant inter-company transactions have been eliminated.

In connection with the acquisitions in 1970 of William Cohen Corporation and its wholly-owned subsidiary, Conbro Imports Ltd., and Electro Physical Instruments Ltd., the transactions of which have been reflected in the accompanying financial statements on a pooling of interest basis, the Company has contractual obligations to issue an additional but indeterminate number of common shares. The number of shares to be issued will depend upon earnings of the acquired businesses and the market value of the Company's common stock at the approximate date of issue.

The financial statements for the year ended March 31, 1971 have been reclassified where applicable to conform with the presentation used in the current year.

2. Inventories:

Inventories are valued at the lower of cost or net realizable value and are classified as follows:

	1972	1971
Raw materials	\$ 516,522	\$ 724,005
Work in process	22,483	11,195
Finished goods	2,724,635	2,301,995
	<u>\$3,263,640</u>	<u>\$3,037,195</u>

3. Investment in subsidiary company:

The investment in the subsidiary company, Multi-State Devices Ltd., is carried at cost. In 1972 Superior Electronics Inc. entered into a joint venture with Canada Wire and Cable Company, Limited to continue the research program begun by Superior and to develop the commercial applications of the patent rights to polyconductivity.

Superior Electronics Inc., a wholly owned subsidiary, sold its technology, "know-how" and patent rights to polyconductivity to Multi-State Devices Ltd. for a consideration of 612,500 shares. Canada Wire and Cable Company, Limited acquired 137,000 shares of Multi-State Devices Ltd. for \$275,000 cash and has options to acquire additional shares of Multi-State Devices Ltd. and Superior Electronics Industries Ltd. (See Note 10).

4. Property, plant and equipment:

Property, plant and equipment is stated at cost, and is classified as follows:

	1972	1971
Rolling stock	\$ 22,515	\$ 35,763
Machinery and equipment	1,002,429	914,843
Land and building	281,114	281,114
Leasehold improvements	266,602	99,541
	<u>1,572,660</u>	<u>1,331,261</u>
Accumulated depreciation	850,752	745,328
	<u>\$ 721,908</u>	<u>\$ 585,933</u>

Depreciation is provided on the diminishing balance method for the majority of the assets with the exception of leasehold improvements and sundry machinery and equipment which are being amortized on the straight line method.

5. Deferred research expenditures:

The Company has written off the balance of the deferred research expenditures pertaining to development of a colour screening room and by virtue of an agreement with the Department of Industry, Trade and Commerce, the balance due in the amount of \$191,778 has been waived. (See Note 12).

The deferred research expenditures applicable to the polyconductivity program in the amount of \$419,912 has been sold to a subsidiary company. (See Note 3).

6. Bank indebtedness:

The parent company and subsidiaries have secured their bank indebtedness by a general assignment of book debts. In addition the banks hold trust deeds in the amount of \$3,300,000 representing a floating charge on all the assets of the companies involved and is subject to any priorities which may arise from the debts as disclosed in Note 7.

7. Long-term debt:

	1972	1971
The long-term debt comprises the following:		
Superior Electronics Inc., 8½% mortgage loan, due 1976	\$ —	\$ 132,000
Janus Corp., 7% mortgage loan, due 1973	—	79,750
Superior Electronics Inc., balance due to the Department of Industry, Trade and Commerce, interest 5¾% (Note 12)	—	191,778
Janus Corp., 7½% balance of sale, due 1971	—	775

Superior Electronics

Industries Ltd.
& subsidiaries,
11.3% loan, due 1978,
payable in equal monthly
instalments of \$7,760 plus
interest secured by:

- i) Mortgage bonds
of Superior Electronics Inc.,
and Mercury Electronics Inc.,
both constituting a fixed
charge upon machinery
and equipment and a
floating charge upon their
undertaking and
other assets;
- ii) Collateral hypothec upon
the immoveable property
of Janus Corp. and
- iii) The joint and several
guarantees of the parent
and other companies in
the "Superior Group" 582,000 —

Superior Electronics Industries Ltd., 13% loan payable in equal monthly instalments of \$1,420, including interest, due 1973	33,900	—
	615,900	404,303
Less: Current portion	106,220	26,085
	<u>\$ 509,680</u>	<u>\$ 378,218</u>

8. Deferred income taxes:

For income tax purposes, the Company has claimed maximum capital cost allowances which are in excess of the depreciation and amortization recorded in the accounts.

The resulting deferred income taxes are provided for on the balance sheet to offset income taxes which may be payable in future years when the depreciation and amortization recorded in the accounts may be in excess of maximum capital cost allowances.

The loss carry forward applicable to future years amounting to approximately \$800,000 is not included in the accounts.

9. Capital stock:

Authorized 2,000,000 shares without nominal or par value.

Common shares outstanding
are as follows:

	<u>Shares</u>	<u>Amounts</u>
Balance as of March 31, 1971	1,083,078	\$1,502,130
Issued for cash	116,040	399,558
Shares issued or to be issued as additional consideration for company pooled in prior years	68,016	—
Balance as of March 31, 1972	<u>1,267,134</u>	<u>\$1,901,688</u>

10. Warrants and stock options:

The Company has reserved 100,000 common shares for the exercise of outstanding warrants. Warrants to purchase 40,000 common shares are exercisable at any time up to and including July 31, 1979 at a price of \$3.00 per share. These warrants were issued for an aggregate consideration of \$4,000 which amount is reflected as contributed surplus of the Company. Warrants to purchase an additional 40,000 common shares are exercisable at any time between December 1, 1971 and November 30, 1974 at varying prices of \$3.00 – \$3.50 per share. The remaining warrants to purchase an additional 20,000 common shares are exercisable at any time up to and including January 15, 1978 at \$6.75 per share.

A stock option plan for employees exists under which 25,000 common shares have been reserved. Options under the plan are exercisable at 90% of the market value of the Company's stock at the date of grant. Options to acquire 23,200 common shares of stock at a price of \$2.70 were granted to key employees including the options on 3,600 shares granted to a senior officer of the Company. These options are exercisable at the rate of 20% per annum commencing April 30, 1971 to the extent of 20,000 shares and November 30, 1971 to the extent of 3,200 shares. During the year options were exercised to the extent of 1,040 shares.

On January 6, 1972, the Board of Directors adopted a stock option plan for executives under which options for 34,500 shares have been granted to two senior officers of the Company, one of whom is also a director. These options are exercisable at \$2.25 per share at the rate of 25% per annum commencing December 1, 1971.

By contract dated as of March 30, 1972 forming part of its agreement with Canada Wire and Cable Company, Limited relating to the subscription by Canada Wire to shares of Multi-State Devices Ltd., a subsidiary of the Company, the Company granted to Canada Wire options to purchase 67,402 common shares of the Company during 1972. In addition thereto, the Company granted to Canada Wire options to acquire such additional number of common shares of the Company during each 1973 and 1974

as may be purchased by a dollar amount equal to the number of shares of Multi-State Devices Ltd. purchased by Canada Wire during each of such years, at a price per share equal to the average closing price of the common shares of the Company on the Montreal Stock Exchange during the period August 1–November 30 of each immediately preceding calendar year.

11. Special inventory adjustment:

Due to withdrawal from the U.S. market and the closing down of the U.S. subsidiary, it was necessary in the opinion of Management, to adjust inventory values by reflecting a non-recurring write down of \$416,431 as a charge in the Statement of Earnings.

12. Extraordinary items:

The extraordinary items consist of the following:

(a) Net cost of withdrawal from the U.S. market and closing down operations of the U.S. subsidiary	\$ 123,391
(b) Balance of deferred research expenditures which were previously being amortized over a ten year period including recovery of prior year's deferred taxes of \$31,483	110,818
(c) Waiver of balance due to the Department of Industry, Trade and Commerce (Note 5)	(191,778)
	<u>\$ 42,431</u>

13. Earnings per common share:

Earnings per common share have been calculated using the weighted average number of shares outstanding during the year.

Common shares to be issued in 1972 in the amount of 63,874 with respect to earnings levels attained by certain acquired companies have been included in the weighted average number of shares outstanding. With respect to earnings per share assuming full dilution, the exercise of all share purchase warrants and stock options (See Note 10) would not have resulted in any significant dilution of earnings per share by taking into consideration additional income calculated at a reasonable return on the funds that would have been realized on their exercise.

14. Lease commitments:

The Company and its subsidiaries occupy manufacturing, warehousing and office space under several long-term leases expiring at various times through 1991. The approximate annual lease commitments are as follows:

1973 - 1976	\$ 107,000
1977 - 1991	106,000

15. Statutory information:

	1972	1971
A. Number of directors —	8	8
Directors' remuneration as directors	3,000	3,000
Number of officers including officers of subsidiary companies who are also directors	7	6
Officers' remuneration	201,913	178,291
Number of officers who are also directors	5	5
B. Net sales by class of business:		

Manufacturing	\$2,103,870	\$3,116,915
Distributing	6,034,758	3,933,103
	<u>\$8,138,628</u>	<u>\$7,050,018</u>

Front Cover — Photos

1. Consumer Goods showroom.
2. Spectroscopic measurement of polyconductor material.
3. Canadian Federal Department of Agriculture and all Provincial Departments of Agriculture use our ultrasonic detectors for grading swine.
4. Superior's new look in transportation.
5. 30000 AMP. Magnetic Partical Testing Unit for inspection of large forgings installed at Canadian Steel Foundries Ltd. in Montreal.
6. Color screen room — slurry dispensing and Ultra-violet exposure.
7. Color tube panels and funnels on the automatic washing machine.
8. General view of picture tube wash and screen production area.
9. Music and environment at its best.
10. RF reactive sputtering unit being used for disposition of polyconductor thin films.
11. Graphic representation of Superior Electronics Industries Ltd.

Front Inside Cover — Photos

1. Richard Golick
2. Stanley Plotnick

3. William Cohen
4. M. R. Levine
5. Lothar J. Lewinson
6. John F. Roch
7. General Office — Trans Canada building.
8. Television gun mount assembly line.
9. Repair Depot — Trans Canada location.

Back Cover — Photos

1. Superior's Trans Canada Highway location — 100,000 square feet.
2. General Office.
3. Warehouse.
4. Auto entertainment displays being assembled at Trans Canada.
5. Advertising Department — Trans Canada Highway.
6. Dandurand building — 50,000 sq. ft. located at 2255 Dandurand St.
7. Researchers working on application of polyconductive material.
8. Picture tube plant.
9. Testing the Timed Electronic Ignition System.
10. Research and Development Labs at the Dandurand Site.

corporate information

BOARD OF DIRECTORS

Lawrence S. Bloomberg,
Director, Research Department
Nesbitt Thomson and Company Limited

***William Cohen,**
Vice-President — Marketing
Superior Electronics Industries Ltd.

***Richard Golick,** President —
Superior Electronics Industries Ltd.

L. Lamont Gordon, President —
Gordon Securities Limited

***Lothar J. Lewinson,**
Vice-President — Manufacturing
Superior Electronics Industries Ltd.

***Stanley K. Plotnick,**
Executive Vice-President —
Superior Electronics Industries Ltd.

***John F. Roch,** President —
Electro Physical Instruments Ltd.

Robert S. Vineberg, Attorney —
Phillips & Vineberg

OFFICERS

Richard Golick, President —
Superior Electronics Industries Ltd.

Stanley K. Plotnick,
Executive Vice-President —
Superior Electronics Industries Ltd.

William Cohen,
Vice-President — Marketing
Superior Electronics Industries Ltd.

M. R. Levine,
Vice-President — Finance
Superior Electronics Industries Ltd.

Lothar J. Lewinson,
Vice-President — Manufacturing
Superior Electronics Industries Ltd.

Norman Friedman,
Secretary-Treasurer —
Superior Electronics Industries Ltd.

John F. Roch, President —
Electro Physical Instruments Ltd.

GENERAL COUNSEL

Phillips & Vineberg of Montreal

AUDITORS

Fuller Jenks Landau of Montreal

REGISTRAR AND TRANSFER AGENT

The Royal Trust Company,
630 Dorchester Boulevard West,
Montreal, Quebec.

EXECUTIVE OFFICES

Superior Electronics Industries Ltd.
1330 Trans-Canada Highway South,
Dorval 740, Quebec

MAJOR FACILITIES

Picture Tube Production
2255 Dandurand Street
Montreal 331, Quebec

Research & Development Laboratories
2255 Dandurand Street
Montreal 331, Quebec

Warehouses & Administrative Offices
1330 Trans-Canada Highway South,
Dorval 740, Quebec
265 Norseman
Etobicoke, Ontario
Vancouver, B.C. (Fall 1972)

SALES OFFICES

Moncton, New Brunswick
Montreal, Quebec
Toronto, Ontario
Winnipeg, Manitoba
Vancouver, British Columbia

OWNERSHIP

Canadian public company listed on the
Montreal Stock Exchange (SEI)

OPERATIONS

Designing, manufacturing, packaging,
importing and marketing

MAJOR SUBSIDIARIES

Conbro Imports Limited
Electro Physical Instruments Ltd.
Multi-State Devices Ltd.
(Joint Venture with Canada Wire
and Cable Company Limited,
a subsidiary of Noranda Mines Limited)
Superior Electronics Inc.
Superior Electronics Sales Ltd.
William Cohen Corporation

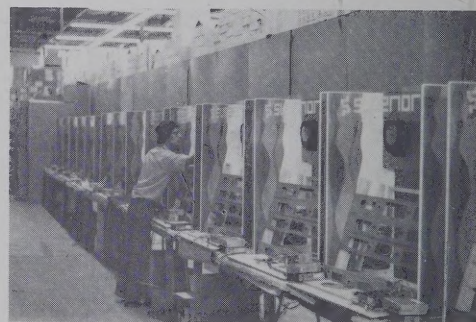
***Executive Committee Members**
William Cohen, Chairman



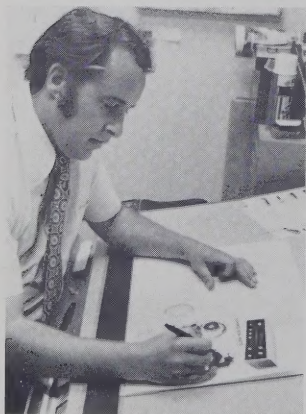
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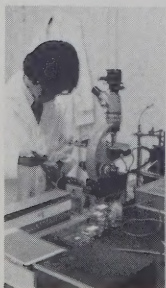
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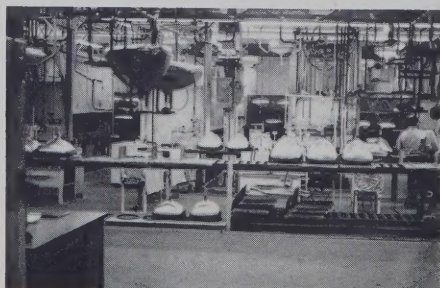
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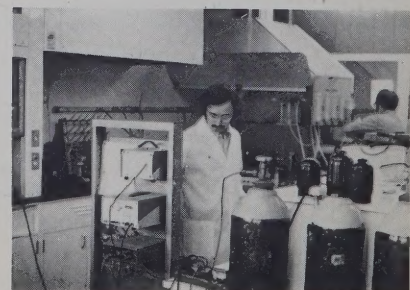
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